

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, Sacramento, California 95814



October 26, 2007

ALL COUNTY INFORMATION NOTICE NO. I-60-07

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY CHIEF FISCAL OFFICERS  
ALL COUNTY PROGRAM MANAGERS  
ALL COUNTY PROBATION OFFICERS

**REASON FOR THIS  
TRANSMITTAL**

- ☐ State Law Change
- ☐ Federal Law or Regulation Change
- ☐ Court Order
- ☐ Clarification Requested by One or More Counties
- ☒ Initiated by CDSS

SUBJECT: BEST PRACTICE STRATEGIES FOR REDUCING AND ELIMINATING COUNTY  
AID TO FAMILIES WITH DEPENDENT CHILDREN-FOSTER CARE (AFDC-FC)  
OVERPAYMENT ERRORS

The purpose of this All County Information Notice (ACIN) is to provide counties with best practice strategies developed with the goal of reducing or eliminating county overpayments of AFDC-FC funds made in error to foster care providers.

All County Letter No. 06-48, dated December 12, 2006, informed counties of a policy clarification from the federal Department of Health and Human Services, Administration for Children and Families (ACF), Region IX regarding repayment of the federal share of improper payments identified under the Title IV-E Foster Care and Adoption Assistance programs. The federal ACF Region IX clarified that the federal share of improper payments or overpayments of Title IV-E funds was to be returned immediately upon identification, which has been further clarified to mean after due process. The California Department of Social Services (CDSS) and county welfare departments had previously been remitting the federal share of overpayments identified as the overpayment was collected from the provider.

The CDSS has been working with representatives of the County Welfare Directors' Association (CWDA) and county program and fiscal staff to identify best practices to reduce or eliminate overpayments. Attached is a list of best practice actions that have been implemented by some counties. The matrix includes strategies, impact to implementation for the county, a sample of some implementing counties, authority for the strategy if applicable, and any identified local barriers or local actions required for implementation. These best practices are intended only as guidelines for prevention, identification, and recovery of Title IV-E overpayments to foster care providers. Additionally, counties are encouraged to share any additional innovative practices with other counties and the CDSS.

Because of the differences in statute and regulations for the Adoption Assistance Program, overpayment identification and recovery may require different strategies. The CDSS will work with CWDA to identify best practices strategies for reducing overpayment made to AAP recipients and issue guidance in the area in the future.

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If you have any questions, please contact me at (916) 657-2614 or Debra Williams, Policy and Support Unit Manager, Foster Care Audits and Rates Branch, at (916) 654-0985.

Sincerely,

***Original Document Signed By:***

MARY L. AULT  
Deputy Director  
Children and Family Services Division

Attachment

c: CWDA

## SAMPLE OF COUNTY BEST PRACTICE STRATEGIES TO REDUCE FOSTER CARE OVERPAYMENTS

<b><u>Prevention</u></b>	<b><i>Process and Impact</i></b>	<b><i>Sample of Implementing Counties</i></b>	<b><i>Authority/Other</i></b>	<b><i>Local Issues to Consider or Action Steps to Implementation</i></b>
<b>Processing and Payment Strategies</b>				
<p>Create a local Overpayment Committee with staff from county payment system (C-IV). Analyze program/ technical issues to identify ways to make system function efficiently.</p> <p>Overpayment committee conducts periodic reviews of lists of overpayments to monitor where errors occur (in the process) and what type of errors are occurring (Foster Family Home, Group Home, Foster Family Agency, etc.)</p> <p>Using CalWIN for reports that indicate where overpayments are made.</p>	<p>Assists with communication between social workers (SW) and eligibility workers (EW) to facilitate immediate changes/ corrections to placement/ payment.</p> <p>Provides technical assistance to SW staff.</p>	<p>Riverside</p> <p>San Bernardino</p> <p>San Francisco and Orange</p>	<p>Local authority at Department and possibly Board of Supervisors (BOS)</p>	<p>Requires regular and consistent training and technical assistance for SW and EW staff who may change due to promotions and turnover.</p> <p>Supervisor review of eligibility documents to catch errors before made.</p>
<p>Delayed issuance of pay warrants – to the 15<sup>th</sup> day of the month.</p> <p>Delayed issuance of pay warrants – to the 10<sup>th</sup> day of the month.</p>	<p>Allows county foster care (FC) eligibility staff to reconcile any placement changes prior to releasing payment.</p>	<p>Fresno Alameda Los Angeles</p> <p>Kern</p>	<p>Regulations 45-303.1 state that “AFDC-FC payments shall be delivered in one amount no later than the 15<sup>th</sup> of the month following the furnishing of care.”</p>	<p>Engage the local provider community prior to implementing.</p> <p>Counties generally inform and obtain agreement from their local BOS prior to implementation.</p>

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<b>Processing and Payment Strategies</b>				
Currently the county holds the checks for 12 days to make any needed changes.	Allows county to review placement/payment information to ensure correct payment for previous month. Checks are still delivered by 15 <sup>th</sup> of the following month.	Riverside	Local authority resides with the County Welfare Department and BOS.	The C-IV system has a payroll requirement for printing on the first business day of the month. APD required to change – currently county holds the checks printed on the first business day.
Institute two hold dates for checks per month—on the 3 <sup>rd</sup> day of month after checks are printed and three workdays before 15 <sup>th</sup> .	Allows EWs processing time and they aren't holding all paperwork until the end.	San Bernardino		Need for an electronic interface with CWS/CMS for immediate payment/placement changes.
Change of placement log (county tracking form) completed by SW upon return from field, now copied daily by clerical and given to FC EW for immediate action. Supervisor monitors timeliness of entries and provides feedback to SW management.	The quality review of overpayments indicated that this change of placement log might sit on a SW desk for several days before input into CWS/CMS. Now the form is completed and copied to the EW immediately.	San Bernardino Orange	Local implementation authority	Training for SW and EW important.  Enforcement of the paper flow process from SW to EW.
Voucher system, no payments are made until voucher is returned.	The voucher process is outlined in the placement packet as a notification to the provider.	Los Angeles		Engage the local provider community information prior to implementing.  BOS should be informed and in agreement prior to implementation.

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<b>Processing and Payment Strategies</b>				
Child Welfare Worker reporting of placement changes.	In a voice response phone call or on the web, workers report placement changes which then creates a hold on the monthly payment for the (now prior) provider in the eligibility system.	Alameda	This can be accomplished by all 58 counties pending access to the appropriate CWS/CMS data extracts (CDSS is currently securing).	Alameda's system uses daily data extracts from CWS/CMS of 16 data elements. This is currently not available statewide. CDSS is working to make the data available statewide.
Monthly Reporting by providers.	Requires providers to confirm (using voice response system or the web) children in the home in order to receive payment for a full prior month. Requires providers to advise when children are placed in their home or leave their home during a month.	Alameda	Counties need to secure vendor/ software at added cost to implement.	Training & TA to providers, staff.  County staff, provider support at the local level is key.
Assign one or two designated EWs to handle SW change of placement forms and manage the change process.	Puts focus on the process. The SW must email or call the designated EW when placement change occurs, EW makes list, distributes weekly by email to managers. EW identifies outstanding SOC 158s –triggers managers to request document from SW.	Fresno Orange	Local authority to implement by county welfare department - CWS agency.	Requires training and technical assistance within the agency.  One county uses a campaign "Don't make a move without _____" (name) of EW. Includes picture of the person, flyers in all cubes, etc. to educate/remind SW of the requirement.

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<b>Processing and Payment Strategies</b>				
Training/Technical Assistance for Providers.	Informs providers of obligation for timely remittance of overpayments. Helps providers understand their obligation, county's obligation, and federal/state requirements.	Los Angeles Fresno	Local authority.	Funding and staff resources to provide training/technical assistance locally, especially if extra training is needed.  Some counties can implement through monthly provider association meetings that are already being attended by county staff.
Change Specialized Care Rate Reassessment from every six months to annual.	Social workers complete documentation verifying the child's medical and/or behavioral needs annually, co-signs document with foster parent. Aligns with the foster care eligibility evaluation.	San Bernardino Riverside	State approval required for plan changes. MPP 11-401. 32 describes modification procedures.	Inform the local provider community prior to implementing.  BOS should be informed and in agreement prior to implementation.  Note that some counties may choose to retain 6 month reassessment in order to identify placement changes.
Use CDSS website to verify GH and FFA provider rates and any changes. <a href="http://www.childsworld.ca.gov/FosterCare_1447.htm#Rates">http://www.childsworld.ca.gov/FosterCare_1447.htm#Rates</a>	Allows counties to identify the approved rate for GH and FFAs for a specific period of time. Recent updates allow counties to search for providers with terminations and/or rate reductions.	Made available to all counties by CDSS.	A state level activity to post the reports for viewing by county agencies.	CDSS updates the website bimonthly for the most current information. County staff must check the list frequently for updated information.

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Social Workers contact Eligibility Workers directly with change of placement information. Some counties may co-locate their SW and EW (or eligibility technician) staff.	<p>Contact generally occurs immediately or no later than 3 to 5 days of the fiscal deadlines with placement changes.</p> <p>Communication is improved when SW and EW's are co-located or located in proximity to each other. Some counties have scheduled meetings together and/or are assigned to work with each other.</p>	<p>Imperial Orange Placer San Diego San Francisco Los Angeles</p>	Local authority	Regular and consistent training and technical assistance needed to encourage timely communication.
Better communication with Probation. Probation hired a specific assistant to communicate with EW. EW physically compares case list with Probation Department.	Probation cases were the cause of many overpayment issues. Better communication has decreased these overpayments through quicker identification of placement changes.	<p>Imperial Orange Placer</p>	Local authority	Outstationed Eligibility Technicians/EW's facilitates improved communication. Requires staff training and buy-in from management staff.
Compliance audits of providers.	Routine compliance of group home providers, authorized per contract language. 75 days for fiscal corrective action plans.	Los Angeles	Local authority	Staff resources to conduct audits, monitor contracts.
Identification of overpayment triggers submission to recovery department who issues demand letter and establishes an overpayment account with the provider.	Provides timely identification of overpayments and facilitate timely process for demand letters and overpayment accounts.	<p>Riverside Orange County Los Angeles</p>	Local authority	Suggest revising placement agreement to provide authority for demand, due process and sustained overpayment collection.

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Manual tracking of overpayment. Eligibility workers identify and input into ISAWS then send info to fiscal unit for collection. Collection Unit sends demand letters monthly. Eligibility sends a monthly report to services that identifies group home and FFA overpayments.	County is hands-on and proactive; instituted more communication with Probation and between ET and SW which has decreased the number of overpayments.	Imperial	Local authority	County is considering a change to ISAWS to print overpayments later than the last day of the month.
Publishing "lists" of foster care overpayments.	Lists are shared among managers, staff, fiscal offices to identify and track overpayments, understand why overpayment occurs, and identify strategies to prevent and resolve.	Fresno Orange Riverside Sacramento San Diego San Francisco Santa Cruz Sonoma Los Angeles	Local authority	Local resources to manage monthly tracking of overpayments, publish lists, analyze, etc.
Quality Assurance-staff complete review of SW and Eligibility case files for cause of overpayment and identify overpayment by placement type.	Identifies issues of timeliness for recording change of placement by SW; identifies mathematical and procedural errors (ex: SCI rate application) for targeted staff training and technical assistance.	Orange San Bernardino	Local authority	N/A



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Use Business Objects to identify closed placements with an open case plan.	Many times child has returned home-SOC 158 not completed.	Fresno	Local authority	N/A
Establish a Home Approval Unit in county to monitor movement from foster care to relative care.	Facilitates communication between SW and EW about placement changes from foster care to relative placement.	Fresno Orange	Local authority	N/A
General cross education between SWs and EWs.	Promotes more communication with understanding what tasks are performed, how, why, and when. Emphasized the importance of timeliness.	Fresno Orange	Local authority	Staff resources to provide ongoing education.

<b><u>Recovery</u></b>	<b><i>Process and Impact</i></b>	<b><i>Implementing Counties</i></b>	<b><i>Authority</i></b>	<b><i>Local Issues to Consider or Action Steps to Implementation</i></b>
<p>Monthly contact with providers to determine interest in establishing voluntary repayment agreements.</p> <p>Implement voluntary repayment agreements.</p>	<p>Improved collections through the voluntary repayment process.</p> <p>Letters sent to group homes with information on the amount of overpayment owed; providers can enter into repayment plans with the county.</p>	<p>Riverside</p> <p>Kern Orange San Bernardino</p>	<p>State regulations and Local authority</p>	<p>Large number of calls to make monthly at the beginning but as overpayments are reduced the workload decreases.</p> <p>Regulatory changes are needed to clarify county authority to recover overpayments from FFAs and GH.</p>
<p>“Do not refer/Place” policies for providers with outstanding debt.</p>	<p>Allows the county agency to not refer/place additional children with agencies owing funds until funds are repaid. Make it clear that agencies have an obligation to repay, and the county has responsibility to collect on overpayments.</p>	<p>Los Angeles Fresno Orange</p>	<p>Local authority</p>	<p>No removal of existing children. LA County contracts with providers and this process is in the contract. Fresno County only uses this for homes in litigation. Orange County rarely does this but can be an option if needed.</p>
<p>Referral to Collections</p>	<p>Foster care overpayments are referred to County Revenue offices or county tax collectors for recovery.</p>	<p>Multiple counties</p>	<p>County revenue/tax agencies have local standards and policies for what and how they collect.</p>	<p>Cost of collection can exceed overpayment amount. However, once this is determined, counties do not have to collect.</p>
<p>Unit assigned a caseload of GH/FFA providers with overpayments. Sends invoice (NOA); due process; demand repayment; refer to audits.</p>	<p>Dedicated workload for staff. Identifies specific person at County for providers to work with.</p>	<p>Los Angeles Orange</p>	<p>Local authority</p>	<p>Specialized unit but requires staff support as this is a difficult job for staff.</p>

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Quick turnaround on re-issuance of checks.	Builds trust for provider to receive funds in a timely manner if they bring check back to the department when told overpaid.	Imperial	Local authority	Requires educating providers (FFH, relatives, FFA and GH) of procedures for returning overpaid funds. Assures providers of immediate re-issuance of correct warrant amounts.  Staff resources to outreach to providers (for FFH/relatives done by licensing and Relative Approval Units) .
Notifying providers of overpayment sooner, calling and aggressive recovery procedure.	Has helped in recovery to continually remind providers that the county is aware of overpayment and is requesting funds returned.	Kern Orange	State regulations and local authority	State regulations needed to reinforce authority for counties to collect overpayments from FFA's and GHs.
CDSS establishes mandatory offset for those providers with an overpayment identified through a state program or fiscal audit. The county will receive the county share of the overpayment through this offset process.	Counties assisting the state in recovery of overpayments through state audits will ensure county share of overpayment is returned to counties.	Los Angeles	Statute authorizes CDSS to establish a mandatory repayment process for overpayments identified through a state program or fiscal audit.	Identified county staffing needed to track the offset for mandatory repayment and coordinate with CDSS staff to ensure appropriateness of offset and when offset is completed.